

## GOVERNMENTAL OPERATIONS

Agency 116

### State Lottery

#### Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2003-05 Expenditure Authority</b>	145.3		706,027	706,027
<b>Total Maintenance Level</b>	145.3		736,445	736,445
Difference			30,418	30,418
Percent Change from Current Biennium	0.0%		4.3%	4.3%
<b>Performance Changes</b>				
Middle Management Reduction	(.2)		(23)	(23)
General Inflation			(1,924)	(1,924)
<b>Subtotal</b>	(0.2)		(1,947)	(1,947)
<b>Total Proposed Budget</b>	145.1		734,498	734,498
Difference	(.2)		28,471	28,471
Percent Change from Current Biennium	(0.1)%		4.0%	4.0%
<b>Total Proposed Budget by Activity</b>				
Administration	48.5		11,005	11,005
Prizes			590,920	590,920
Commissions			58,056	58,056
Game Vendors			26,033	26,033
King County (Safeco Field) Statutory Payment			8,886	8,886
Marketing, Research, and Communications	17.0		19,840	19,840
Retailer Support	79.8		19,282	19,282
Compensation Cost Adjustment			499	499
Middle Management Reduction	(.2)		(23)	(23)
<b>Total Proposed Budget</b>	145.1		734,498	734,498

#### PERFORMANCE LEVEL CHANGE DESCRIPTIONS

##### Middle Management Reduction

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount.

#### ACTIVITY DESCRIPTIONS

##### Administration

The Lottery's purpose is to generate profits from sales to benefit state-funded efforts. All activities are funded from product sales. The Administration activity includes those services that support sales, such as executive guidance, accounting, budgeting, internal audit, legal counsel, facility maintenance, purchasing, information technology, security, and human resources.

##### Prizes

The Prize activity consists of the payments made to Lottery game winners.

**Commissions**

The Commissions activity includes payments to approximately 3500 retailers who sell Lottery products.

**Game Vendors**

This activity includes contractual payments for services provided by online and scratch product vendors, such as game planning and analysis, new technologies, and communication terminals in 3500 retail outlets.

**King County (Safeco Field) Statutory Payment**

This activity remits the funds necessary for debt service payment on the bonds used to build Safeco Field.

**Marketing, Research, and Communications**

The Marketing activity, through analysis, innovation, and design, captures the attention of new customers and maintains the involvement of our core customer base. The activity includes research, advertising, public relations, community events, sports sponsorship, promotions, winning numbers hotline, and the Lottery website.

**Retailer Support**

The Retailer support activity, through person-to-person customer contacts, is organized in six regions of the state. The activity assists both corporate accounts and independent retailers in licensing to operate, optimizing inventory, achieving high sales, securing product, and minimizing expenses. Retailer promotions, stand-alone ticket machines, and distribution of tickets to Lottery's retailers are all part of this activity.

**Compensation Cost Adjustment**

This item reflects proposed compensation and benefit cost adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.

**Middle Management Reduction**

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount. These savings will be assigned to the appropriate activities after the budget is enacted.